

## **1 INTRODUCTION**

The Guidelines on Fair Practices Code for Housing Finance Companies (HFCs) which defines the fair practices standards while dealing/building relationships with prospective/existing customers and has been framed and amended by NHB in keeping with the need to follow the best corporate practice within the sector. In accordance with these guidelines, **Aavas Financiers Limited (“Aavas”)** had formulated & implemented a “Fair Practice Code”. In view of the changing dynamics of the industry, the Guidelines on Fair Practice Code were reviewed by National Housing Bank and pursuant to the same, an amended Code provided for necessary framework and approval. The basic essence of Fair Practices Code is to assist both the Company and the customer(s). It shall be applicable to all the products and services offered from all the operating/service locations of **Aavas** i.e. Branch, Region & Corporate Office. Needless to mention that the Code must be strictly followed by all the authorized functionaries, Counselor(s), Partner(s) and others across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method of marketing or promotion which may be put in use by the company at present or in future.

### **1.1 OBJECTIVES & APPLICATION**

At the core of all the activities of **Aavas**, it is our sincere endeavor to promote our products and services and make it available to all intending, eligible and qualified applicants without making any discrimination on the basis of face, caste, colour, creed, religion, sex, marital status, age or handicap. In light of the above, our authorized representatives provide assistance, encouragement and service in a fair, equitable and consistent manner. The Company for the benefit and convenience of the applicant(s)/borrower(s) shall up-load the code in its official website.

Aavas shall ensure that charges/fees which affect the interest of the applicant(s)/borrower(s) are appropriately informed and further the terms and conditions pertaining to the facility is conveyed to the applicant(s)/borrower(s). The Company shall endeavour/ensure that all disputes arising out of the lending decisions be resolved by an appropriate “**Grievance Redressal Mechanism**”.

In view of the above, the primary objectives of the Fair Practice Code shall be:

- **Promote good and fair practices** by setting minimum standards in dealing with customers;
- **Increase transparency** so that the customer can have a better understanding of what he/she can reasonably expect out of the services;
- **Encourage market forces**, through competition, to achieve higher operating standards;
- **Promote a fair and cordial relationship** between customer and the Company; and
- **Foster confidence** in the housing finance system.

## **1.2 APPLICATION OF THE CODE**

The Company shall ensure that the implementation of the Fair Practices Code is the responsibility of the entire organization. The Company's fair lending practices shall apply across all aspects of operations including marketing & customer relationship, loan origination & processing, servicing & collection activities and back-office management. Further, the Code shall apply for services and products offered over the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method/medium that is prevalent or may be utilized in future. Our commitment to the Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology. The Company's Board of Director and the Management Team is responsible for establishing practices designed to ensure that our line of activity reflect our strong commitment to fair lending and that all employees are aware of the commitment.

## **2 TO ACT FAIRLY AND IN TRANSPARENT MANNER**

The company shall act fairly and reasonably in all dealings with the customers by ensuring that:

- Our products, services, procedures and practices thoroughly meet the commitments and standards in this Code.
- Our products and services meet the relevant laws and regulations in letter and spirit.
- Our dealings with customers rest on ethical principles of integrity and transparency.

The Company shall ensure that the staff and other authorized representatives are trained & equipped to provide relevant information about the Code and that the Code is put to practice.

**2.1** The Company shall transparently disclose to the borrower(s) all information regarding fee/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed or rejected, prepayment options and charges therein, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest re-set clause and any other matter which affects the interest of the borrower(s). In other words, the Company shall disclose "all in cost" inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It should also ensure that such charges/fees are non-discriminatory."

**2.2** The Company shall not discriminate amongst physically challenged, disable/differently able or blind persons in any manner while dealing them. Company shall treat such person with humanitarian approach and give priority over other visiting clients at the branch in attending his queries/application of such persons. Also, Company shall take special efforts to make it easy and convenient for customers like senior citizens, physically challenged, differently abled or blind and illiterate persons while providing service.

### **3 ADVERTISING, MARKETING AND SALES**

The Company shall ensure that:

- All advertising and marketing done by the Company shall be truthful and no tolerance can be provided for misleading information or poor descriptions of the services. The Company shall take maximum steps to ensure that all advertising and promotional material is clear, and not misleading.
- In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, the Company shall also indicate whether other fees and charges shall apply and that full details of the relevant terms and conditions are available on request.
- It shall provide information on interest rates, common fees and charges through putting up notices in their branches, through telephones or help-lines, on the company's web-site, through designated staff/help desk or providing service guide/tariff schedule.
- In case of engagement of third party/ies for the purpose of providing support services, the Company shall ensure that the third party/ies do handle the customer's personal information with the same degree of confidentiality and security as when the exercise may have been shouldered by the Company on its own.
- The Company shall from time to time, communicate to its customers various features of their products availed by them. Information about their other products or promotional offers in respect of products/services, may be conveyed to customers only if he/she/they has/have given his/her/their consent to receive such information/service either by mail or by registering for the same on the website or on customer service number.
- The Company shall apply/prescribe the code of conduct to their Counsellors/Agents/Channel Partners etc., if any, whose services are availed to market products/services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- In the event of receipt of any complaint from the customer, that Company representative/courier or marketing agents has/have engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complain/grievance.

### **4 LOANS TO CUSTOMERS**

#### **4.1(i) Applications for loans and their processing:**

- The Loan Application Form of the Company shall amongst other important parameters include necessary information which may affects the interest of the borrower so that it facilitates the customer to draw a meaningful comparison with those of other companies and eventually takes an informed decision. Further, the list of preliminary documents required to process the loan application shall be mentioned in the Loan Application Form.
- The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications shall be disposed of

should also be indicated in the acknowledgement.

**4.1(ii) Loan appraisal and terms/conditions:**

- Normally all particulars required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
- The Company shall convey in writing to the customer the loan sanctioned or otherwise, the amount of the loan sanctioned along with the terms and conditions thereof which shall include annualized rate of interest, method of application, EMI terms. Further, the Company shall obtain written acceptance of these terms and conditions from the customer for records
- Company shall supply authenticated copies of all the loan documents executed by the customer at the Company' cost along with a copy each of all enclosures quoted in the loan document on request if so demanded.
- Company shall display Tariff Schedule in all its branches which the customers would be allowed to see free of cost. The customers would also be provided a list of services rendered by the Company free of charge.

**4.1(iii) Communication of rejection of Loan Application:**

- In case of rejection of loan application, the customer shall be communicated in writing of the Company's inability to offer him/her/them the loan along with the reasons(s) for rejection

**4.1(iv) Disbursement of loans including changes in terms and conditions:**

- The Company shall ensure that disbursement is made in accordance to the agreed disbursement schedule (original or revised)/sanction letter.
- The Company shall give advance notice to its customers of change in the terms & conditions including disbursement schedule, interest rate, service charges, prepayment charges, other applicable fees/charges etc. Moreover, the Company shall ensure that changes to interest rates and charges are imposed only "prospectively" and necessary clause is incorporated in the loan agreement with respect to this.
- Normally, changes shall be made with prospective effect giving notice of at least one month. If the changes are to the disadvantage of the customers, he/she/they may close the account at any time (without notice) within 60 (sixty) days without having to pay any extra charges or revised interest.
- All existing borrowers have an option to change the existing applicable spread to the prevailing applicable spread, as per Board Approved Company ROI Switch/Conversion Policy available on website. For all partly or fully disbursed cases, the Switch/Conversion fee payable to avail the Switch/Conversion is mentioned and will be as per the Schedule of Charges and MITC and will levied on the principal outstanding (POS) at the time of availing the facility. There will be no switch fee payable on the undisbursed loan amount out of the total contracted loan. The facility is available to regular paying borrower with NIL EMI/PEMI due in the Loan Account, and will be applied with Mutual Consent between the Borrowers(s)

and the Company with required documentation. Borrowers have the option to reduce his EMI keeping the residual tenor unchanged OR keep his EMI unchanged and thereby reducing his residual tenor. The reset of spread will be effective from the next cycle date of the following month from the date of switch.

- Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities, the Company should give notice to borrowers in consonance with the loan agreement.
- The company shall release all securities immediately on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim Company may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which Company are entitled to retain the securities till the relevant claim is settled /paid.

#### **4.2 GUARANTORS**

The Company must inform the following information to the person considering to be a guarantor to a loan,

- His/her liability as guarantor;
- The amount of liability he/she will be committing him/herself to the company;
- Circumstances in which the Company will call on him/her to pay up his/her liability;
- Whether the Company has recourse to his/her other monies in the Company if he/she fail to pay up as a guarantor;
- Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and time and circumstances in which his/her liabilities as a guarantor shall be discharged as also the manner in which the Company will notify him/her about this

The Company shall keep him/her informed of any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

#### **4.3 PRIVACY AND CONFIDENTIALITY**

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers]. The Company shall not reveal transaction details of the customers' accounts, to a third party, including entities in the group, other than in the following exceptional cases when the Company are allowed to do:

- If the Company have to give the information by law;
- If there is a duty towards the public to reveal the information; If the Company's interests require to give the information [for example, to prevent fraud) but the Company shall not use this as a reason for giving information about its customer or its customers' accounts [including name and address] to anyone else, including other companies in the group, for marketing purposes;
- If the customer ask it to reveal the information, or if Company has the customers' permission to provide such information to group/associate/entities or other companies when they have tie-up arrangements for providing other financial service products;

- If written permission has been obtained from the customer to provide reference of the respective customer;
- The customer shall be informed the extent of their rights under the existing legal framework for accessing the personal records held by the company;
- Consequent to receipt of customer's approval to use their personal information for marketing purposes by anyone including HFCs.

#### **4.4 CREDIT REFERENCE AGENCIES**

Subsequent to the commencement of business relationship with a customer, the Company:

- Shall inform the customer when it may pass his/her/their account details to credit reference agencies and the checks the Company may make with them. may give information to credit reference agencies about the debts the customer owes them if:
  - I. The customer has fallen behind with his/her payments;
  - II. The amount owed is not in dispute; and
  - III. The customer has not made proposals that the Company is are satisfied with, for repaying his / her debt, following Company's formal demand
- shall intimate the customer in writing its plan to give information about the debts, the customer owes them to credit reference agencies. At the same time, the Company shall explain to the customer the role of credit reference agencies and the effect the information they provide can have on customer's ability to get credit.
- shall give credit reference agencies, other information about the customer's account if the customer has given them his / her permission to do so.
- shall provide a copy of the information given to the credit reference agencies s to the customer, if so demanded.

#### **4.5 COLLECTION OF DUES**

**4.5.1** The Company shall inform customers about the repayment schedule well in advance. However, if the customer does not adhere to repayment schedule, the Company must inform the customers by sending notice or by making personal visits and / or repossession of security if any.

**4.5.2** The Company's collection policy should be built on courtesy, fair treatment and persuasion. The staff appointed for the collection of the dues must follow the guidelines given below:

- The collection staff must identify himself / herself and display the authority letter issued by the Company and upon request, display his / her identity card
- The company shall provide the customer with all the information regarding their dues and further endeavour to give sufficient notice for payment of dues.

**4.5.3** The following guidelines shall be strictly followed by all staff members or authorized personnel of the Company conferred the responsibility of collection and / or security repossession: Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her



residence, at the place of business / occupation.

- Customer's privacy should be respected.
- Interaction with the customer shall be in a civil manner
- The Company's representatives shall contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
- Customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.
- Time and number of calls and contents of conversation should be documented.
- All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- During visits to customer's place for dues collection, decency and decorum should be maintained.
- Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.

#### **4.6 COMPLAINTS AND GRIEVANCES**

At any stage, if a customer is not satisfied with the service given to him/her, he/she can to contact the Company. At Aavas, we believe in providing the best of services to our customers. We provide customers with easy access to information, products and services, as well as the means to get their grievances redressed.

#### **Our Customer Grievance Mechanism as below;**

##### **Step1:**

Please visit to the nearest AAVAS FINANCIERS LIMITED Branch and submit your complaints/grievance get your complaint logged in the "Complaint & Grievance Register" maintained at the branches (During the working hours from 9:30 A.M to 6:30 P.M)

We will respond to your complaint within 15 working days.

##### **Step 2:**

If you are still not satisfied with the resolution you receive, or you don't receive any response within 15 working days you can write, mail, fax or call to:-

**Our Central Customer Relationship Management (CRM) Cell, through below modes**

Customer care No:- +91-0141-6618888

Customer care E-mail Id:- [customercare@aavas.in](mailto:customercare@aavas.in)

By lodging at website: [www.aavas.in](http://www.aavas.in)

**Or**

**Our Nodal office of the company**

**Mr. Tanay Rastogi** (Nodal officer)

AAVAS FINANCIERS LIMITED

201-202, 2nd Floor, Southend Square

Mansarovar Industrial Area, Jaipur-302020

E-Mail ID: tanay.rastogi@aavas.in

Office: +91 141-6618839

Fax: +91 141 6618861

Mob: +91 8003999547

After examining the matter, we shall send the customer our final response or explain why it needs more time to respond and shall endeavour to do so within 15 working days.

**Step 3:**

If your complaint still remains unresolved, you may directly approach the regulatory authority of Housing Finance Companies, National Housing Bank for redressal of your complaints at below address:

**National Housing Bank,**  
**Department of Regulation and Supervision,**  
(Complaint Redressal Cell)  
4th Floor, Core- 5A, India Habitat Centre,  
Lodhi Road, New Delhi – 110 003

The complainant can also approach the Complaint Redressal Cell by lodging its complaint at the link <https://grids.nhbonline.org.in>.

**5 GENERAL**

The company shall give the customer information:

- Verify the details mentioned by him/her in the loan application by contacting him/her at his/her residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary by the company.
- The customer should be informed to co-operate if the Company needs to investigate a transaction on the customer's account and with the police/ other investigative agencies, if the Company needs to involve them.
- The Company shall advise the customer that if the customer acts fraudulently, he/she shall be responsible for all losses on his/her account and that if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.



- About their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- The Company shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.
- The Company shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- **To publicize the code the Company shall:**
  1. Provide existing and new customers with a copy of the Code
  2. Make this Code available on request either over the counter or by electronic communication or mail;
  3. Make available this Code at every branch and on their website; and
  4. Ensure that their staffs are trained to provide relevant information about the Code and to put the Code into practice.
- The Board of Directors of the Company shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals on quarterly basis